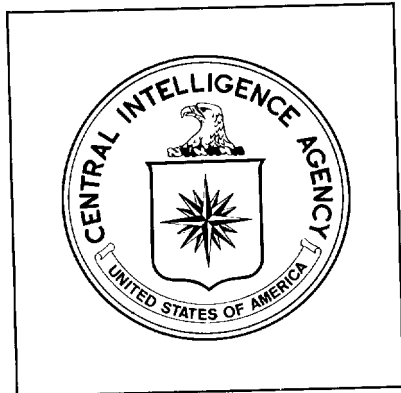


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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

Pro-Junta Elements in Military Support	
Karamanlis	1
	
The Tempo of West German - Chinese	
Relations Increase	4
West European Socialists to Discuss	
Portugal in London Tomorrow	6

September 4, 1975

SECRET

SECRET

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Pro-Junta Elements in Military Support
Karamanlis

Greek Prime Minister Karamanlis appears to have won over most of the supporters of the former junta that still remain in the military, although these officers continue to have some reservations.

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According to [REDACTED] pro-junta elements in the military believe that Karamanlis is the only politician capable of leading Greece through its present difficulties. They are concerned, however, about his willingness to tolerate the left and the danger of communist infiltration of the communications media and the labor movement. They are also smarting over the recent trials of the leaders of the 1967 military coup and the conspirators of last February. They are remaining silent for the time being, however, for fear of jeopardizing their careers.

These officers believe the military may have to re-enter politics once Karamanlis departs from the scene but that it should be from behind the scenes with a trustworthy politician such as Defense Minister Averoff in formal control.

The real test of the junta supporters' attitude toward Karamanlis will come later this year when the perpetrators of the Cyprus adventure are tried. The principal ringleader, former strongman Ioannides, who has already been given a life term in prison for his role in the 1967 coup, still has substantial appeal in the military. If Ioannides receives the death penalty for planning the Cyprus adventure, Karamanlis will come under severe pressure from the political opposition and students to sustain the sentence. He will come under equally severe pressure from the military to commute the sentence as he did in the case of the 1967 coup leaders. (Secret No Foreign Dissem/Controlled Dissem)

September 4, 1975

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The Tempo of West German-Chinese Relations
Increases

West Germany's first industrial exhibition in China opens tomorrow in Peking and will help set the stage for Chancellor Schmidt's visit next month. Several prominent West German political figures, including Economics Minister Friderichs and opposition leader Franz-Josef Strauss, will visit the exhibition during the two weeks it will be open.

Friderichs will officially open the exhibition where some 330 German firms will display a wide range of industrial and technical products. The minister, accompanied by a large retinue of business experts and journalists, may also preside over the second session of the Joint West German-Chinese Economic Commission.

West Germany is currently Peking's most important trading partner in Western Europe. Trade last year increased by a third to about \$600 million, and will probably reach \$800 million this year.

The major obstacle to further growth is the difficulty Chinese exporters face in selling in the German market. West Germany has had a sizable trade surplus since 1965 and the surplus this year appears to be widening, despite Bonn's relaxation of restrictions on goods imported from China.

The last bilateral trade agreement expired in December. Peking began negotiations this summer for a new trade agreement with the European Community which has now assumed complete authority for regulating

September 4, 1975

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commercial relations between its member states and third countries. The Chinese, nevertheless, will probably still try to explore Friderichs' views on how they can increase exports of agricultural goods and textiles to the Federal Republic.

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West German officials are worried that Strauss, who is traveling in a purely private capacity, might again succeed in capturing the limelight. This would increase the political pressure to make Chancellor Schmidt's visit a resounding success. The Chancellor's trip has already been postponed once, partly out of uncertainty over whether Mao would receive Schmidt. Plans for the Chancellor's stay in Peking are being tightly held until the nature of the reception being planned for Strauss is clear. (Confidential No Foreign Dissem)

September 4, 1975

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West European Socialists To Discuss
Portugal in London Tomorrow

The working group of West European Socialist leaders established last month in Stockholm to consider ways to help Portuguese democratic forces will hold its first meeting tomorrow in London. The Socialists will discuss financial assistance to the Portuguese Socialist party, invitations to key Portuguese military and political figures to visit Western capitals, visits by West Europeans to Portugal, and coordination of efforts to influence Portuguese developments.

West European Socialists are divided in their views on the conditions under which aid should be offered. In contrast to the majority who believe aid should be tied to development of a democratic political system, Sweden's Olof Palme, for example, believes that neither free elections nor the formation of a democratic government should be established as conditions.

Important factions within other Socialist parties also tend to deprecate demands for free elections as a condition for aid. French Socialist leader Mitterrand is inclined to this view. Prime Minister Wilson, Dutch Prime Minister den Uyl, and former West German chancellor Willy Brandt, however, are inclined to take a harder line.

The report being prepared by the British Labor Party for the meeting asserts that the Communists in Portugal have been pursuing Stalinist tactics, that they have sharply narrowed the popular base of the Portuguese government, and that those Portuguese forces struggling against the Portuguese Communist Party should be supported. The report thus suggests holding off on aid to the Lisbon government. (Confidential No Foreign Dissem)

September 4, 1975

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